

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)

ENTERED

NOV 05 2002

U.S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
GREENBELT

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IN RE: MATTRESS DISCOUNTERS CORP*
And T.J.B., Inc.

Case No. 02-2-2330-DK
(Pending Joint Administration)

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(Chapter 11)

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**STIPULATION AND CONSENT ORDER
BETWEEN DEBTOR IN POSSESSION AND
BALTIMORE GAS AND ELECTRIC COMPANY RESOLVING
DEBTOR'S EMERGENCY MOTION FOR
INTERIM AND FINAL ORDERS UNDER 11 U.S.C. §§ 105, 362, 365, 503(b) 507(a) and
366(b) (I) PROHIBITING UTILITIES FROM ALTERING, REFUSING
OR DISCONTINUING SERVICES ON ACCOUNT OF PREPETITION
CLAIMS; (II) ESTABLISHING PROCEDURES FOR
DETERMINING REQUESTS FOR ADDITIONAL ADEQUATE ASSURANCE
AND (III) SCHEDULING A FINAL HEARING AS BETWEEN DEBTOR AND
BALTIMORE GAS AND ELECTRIC COMPANY**

WHEREAS, on October 23, 2002 (the "Petition Date"), Mattress Discounters Corp. and T.J.B., Inc. (collectively, the "Debtors") filed petitions for Chapter 11 relief with the United States Bankruptcy Court for the District of Maryland, Greenbelt Division under the United States Bankruptcy Reform Act of 1978, as amended (the "Code"); and

WHEREAS, the Debtors own and operate a chain of mattress and bedding stores;
and

WHEREAS, Baltimore Gas and Electric Company ("BGE") is a public utility company providing utility service to all or part of 10 counties in Maryland and Baltimore City;
and

WHEREAS, since the Petition Date, the Debtors have operated their business and

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affairs as debtors in possession pursuant to 11 U.S.C. §§ 1107 and 1108 of the Code; and

WHEREAS, on the Petition Date, the Debtor filed an Emergency Motion for Interim and Final Orders Under 11 U.S.C. §§ 105, 362, 365, 503(b), 507(a) and 366(b) Prohibiting Utilities From Altering, Refusing or Discontinuing Services on Account of Prepetition Claims; (ii) Establishing Procedures for Determining Requests for Additional Adequate Assurance and (iii) Scheduling a Final Hearing (the "Deposit Injunction"); and

WHEREAS, BGE filed a timely opposition to the Deposit Injunction (the "Injunction Opposition"); and

WHEREAS, BGE noticed a deposition of the Debtor pursuant to Fed. R. Bankr. P. 7030(b)(6) (the "30(b)(6) Notice"); and

WHEREAS, the Debtor filed a Motion for Protective Order (the "Protective Motion") and BGE opposed same (the "Opposition"); and

WHEREAS, the Court entered an interim Order (the "Protective Motion") respective to the Protective Motion and set a hearing on same for November 4, 2002; and

WHEREAS, the Debtor and BGE have reached a resolution of the Deposit Injunction, the Injunction Opposition, the 30(b)(6) Notice, the Protective Motion and the Opposition on the terms of this Stipulation and Consent Order (the "Consent Order").

NOW, THEREFORE, BGE and the Debtors do hereby AGREE, STIPULATE, COVENANT, and CONSENT THAT:

1. The foregoing recitals are true and correct and are substantively incorporated to the terms of the Consent Order.

2. As adequate assurance of payment under Section 366(b) of the Code, the Debtors shall pay BGE a deposit in the amount of \$14,500.00 within 10 days following entry hereof which BGE shall maintain in the ordinary course without any required compliance with 11 U.S.C. § 345(b). The Debtor agrees to modify any cash collateral agreements or post-petition financing agreements consistent with the terms hereof.

3. As further adequate assurance of payment under Section 366(b) of the Code, the Debtors shall cause payment to be received by BGE on any post-petition invoices in the ordinary course of business as and when due on the face of the invoice, provided that BGE shall have timely billed the accounts and transmitted the bill in the ordinary course of its business. The Debtor agrees that to the extent it changes its billing address(es) such change shall be timely provided in writing to BGE to the notification address stated on the invoice.

4. No statements issued directly by BGE on its invoices or in the nature of "turn off notices" or similarly characterized default notices shall be deemed a default notice, which shall be governed exclusively by the terms of this Consent Order.

5. Failure to tender payments by the Debtor to BGE according to ordinary invoice terms and as set forth in this Consent Order shall be deemed a material default hereof. No disagreement over the amount set forth in any invoice shall constitute grounds for non-payment when due by the terms of this Consent Order. Rather, the parties hereto shall attempt to reconcile any differences over the amount due to BGE only after payment has been tendered as stated on the invoice, provided, however, that payment of any amount by the Debtor shall not be deemed a waiver by them of their right to contest the amount paid or to seek disgorgement.

6. To the extent an event of default occurs under this Consent Order, BGE

shall have all rights under applicable law or otherwise to seek relief as may be necessary and appropriate, including, but not limited to, those rights provided by Section 366(b) of the Code; provided, however, that should the Debtor fail to tender a post-petition payment when due on the face of an invoice submitted to the Debtor by BGE, or fail to pay the deposit as agreed, the Debtor shall have seven (7) calendar days following written notice delivered by hand or facsimile ((202) 857-6395) to Debtors' counsel; namely, Mary Jo Dowd, Esquire, 1050 Connecticut Avenue, Washington D.C. 20036 to cure the non-payment prior to any termination or discontinuation of utility service by BGE or set-off of any security deposit.

7. The entry of this Consent Order shall have no bearing on or prejudice to BGE's right to seek and receive a further deposit or other security as may be necessary as a modification of adequate assurance of payment pursuant to Section 366(b) of the Code, or otherwise, to the extent based upon reasons or conditions unknown to BGE at the present time, and it is not a waiver or estoppel against the Debtor's ability to protest or oppose such further deposit or other security. The Debtor's right to seek upon motion and by Order of this Court, a modification of the deposit amount provided in this Consent Order is also reserved.

8. BGE and the Debtor shall cooperate with each other and deal in good faith with each other in the consummation of this Consent Order.

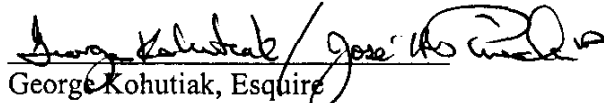
9. Inasmuch as no party in interest has objected to any contested matter resolved hereby, other than BGE, the parties hereto request that the Court enter this Consent Order without further notice.

10. Upon entry of a final Order of Confirmation of a plan(s) of reorganization in the above styled matters, BGE shall refund any deposit to Debtor that it is then holding to the

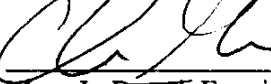
extent no unpaid post-petition BGE invoices exist on that date (including but not limited to accrued but unbilled services); provided, however, that the Debtors shall have the option to pay any such post-petition unpaid invoices directly or from the deposit, to the extent sufficient deposit monies exist, at the Debtors' sole election. Notwithstanding anything to the contrary BGE shall not refund all or any part of the deposit until and unless all post-petition invoices are first paid in full.

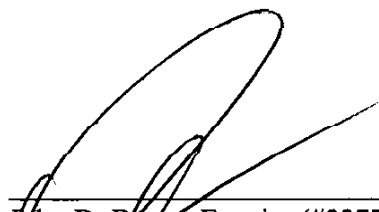
11. All terms of the parties settlement of the contested matters resolved by the Consent Order are contained herein and there are no oral terms or side agreements, or prior or contemporaneous agreements. Any consensual subsequent modification hereof shall require a Court Order signed by the party or parties whose interests are affected.

SEEN AND AGREED TO:


George Kohutiak, Esquire
Baltimore Gas and Electric Company
Authorized Agent, By Jose Pineda

By Counsel:


Mary Jo Dowd, Esquire (#25426)
Arent Fox Kintner Plotkin & Kahn, PLLC
1050 Connecticut Avenue, NW
Washington D.C. 20036
(202) 775-5774


John D. Burns, Esquire (#22777)
The Burns Law Firm, LLC
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Greenbelt, MD 20770
(301) 441-8780

IT IS, THIS 5th DAY OF NOVEMBER, 2002, BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MARYLAND, GREENBELT DIVISION, **SO ORDERED.**


United States Bankruptcy Judge

cc: John D. Burns, Esquire
The Burns LawFirm, LLC
6303 Ivy Lane; Suite 102
Greenbelt, MD 20770

Mary Jo Dowd, Esquire
Christopher Giamo, Esquire
Arent, Fox, Kintner, Plotkin & Kahn, PLLC
1050 Connecticut Avenue, NW
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(Matrix of Creditors and Parties in Interest)